GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:5760
ANSWERED ON:02.05.2003
CRIMINAL PROCEEDINGS AGAINST COMPANIES
BALIRAM

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether criminal proceedings are on against Directors of some companies under Section 209 and 209A of Companies Act for stock manipulation; and

(b) if so, the names of the companies and the action taken against them?

Answer

MINISTER OF FINANCE (SHRI JASWANT SINGH)

(a) & (b) Sections 209 and 209A of the Companies Act,1956 pertain to the maintenance of books of accounts by a company, and their inspection, and not to stock manipulation. The Department of Company Affairs had ordered inspection of 98 companies under Section 209A of the Companies Act, 1956, based on SEBI`s Preliminary Investigation Report relating to the stock market developments in February-March 2001. 539 prosecutions have so far been ordered/launched for violation of various provisions of the Companies Act, 1956.